

Message Text

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44

ACTION ARA-20

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FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC 6175

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E.O. 11652: N/A

TAGS: EIND, EAGR, HO, US

SUBJECT: TAX CLAIMS AGAINST U.S. LUMBER COMPANIES

REF: STATE 11087 AND TEGUCIGALPA 240

1. SUMMARY: THE HONDURAN TAX AUTHORITIES HAVE PROVIDED EMBASSY WITH DATA CONCERNING ALLEGED TAX INDEBTEDNESS OF MOST U.S. LUMBER INDUSTRY COMPANIES. CLAIMS TOTAL NEARLY \$1.5 MILLION FOR FIVE COMPANIES WITH TWO COMPANIES YET TO BE AUDITED. TAX AUTHORITIES, IN ADDITION, PROVIDED DESCRIPTION OF PROCEDURES BEING FOLLOWED AND PROCEDURES FOR APPEAR. END SUMMARY.

2. DIRECTOR GENERAL OF TAXATION, RENE PINEDA MEJIA, IN LETTER DATED JAN. 24, 1974 ADVISED EMBASSY OF TAX "ADJUSTMENTS" PRESENTED TO FIVE U.S. COMPANIES. (VALUES IN LEMPIRA, L.1 EQUALS \$.50).

INDUSTRIA MADERERA DEL NORTE	L. 963.761.98
MADERERA HIBUERAS INC.	L. 840.130.65
HAWTHORNE EXPORT LUMBER CO.	L. 582.408.87
JAMES ROGER	L. 387.117.22
ROBINSON LUMBER CO.	61.763.46
TOTAL	L.2.835.182.18

3. THE TAX AUTHORITIES ARE VERIFYING THE DECLARATIONS OF INCOME REPORTED BY MAYA LUMBER AND WILSON MAGEE, TWO ADDITIONAL COMPANIES WITH U.S. INVESTMENT INTERESTS.
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4. THE PINEDA LETTER GOES ON TO DESCRIBE THE FOLLOWING PROCEDURES UNDER TAX REGULATIONS:

A. UPON NOTIFICATION OF THE "ADJUSTMENTS" THE TAXPAYER HAS A PERIOD OF 30 DAYS TO PRESENT HIS OBJECTIONS (IMPUGNACION) WHICH MUST BE BASED UPON AND REFER TO EACH CATEGORY CONTAINED IN THE NOTIFICATION OF TAX ADJUSTMENT (ARTICLE 103 OF TAX REGULATIONS).

B. IF WITHIN THE 30 DAYS THE TAXPAYER AGREES TO THE ADJUSTMENTS, THE TAX AUTHORITIES WITHOUT FURTHER PROCEEDINGS WILL ORDER A LIQUIDATION OF THE TAX. IF WITHIN THE 30 DAYS THE TAXPAYER HAS NOT APPROVED OR OBJECTED, THE TAX AUTHORITIES WILL DICTATE A RESOLUTION CONCERNING THE ADJUSTMENT AND SO NOTIFY THE TAX PAYER IN THE FORM ESTABLISHED IN THE ADMINISTRATIVE PROCEDURES CODE (ARTICLE 104 OF TAX REGULATIONS).

C. IF THE TAX AUTHORITY AND THE TAXPAYER DO NOT RESOLVE THE OBJECTIONS OR CONFIRM THE TAX ADJUSTMENT THEY PROCEED TO AN APPEAL PRODECURE (ARTICLE 111 OF TAX REGULATIONS). THE APPEAL (RECURSO DE REPOSICION) MUST BE PRESENTED TO TAX AUTHORITIES (ARTICLE 112 OF TAX REGULATIONS).

D. IF THE TAX AUTHORITIES REFUSE THE APPEAL TOTALLY OR PARTIALLY THEY MUST DICTATE A FINDING TO THAT SENSE AND CITE THE APPEAL PROCEDURE TO BE FOLLOWED BEFORE THE SECRETARIA DE HACIENDA Y CREDITO PUBLICO (ARTICLE 113 AND 114 OF THE TAX REGULATIONS).

5. IF THE DECISION OF THE SECRETARIA IS NOT ACCEPTED BY THE TAX PAYER THE LATTER MAY PLACE HIS CLAIM BEFORE THE SUPREME COURT.

6. THE PINEDA LETTER STATES THAT THE TAX CLAIMS, IN GREAT PART, DERIVE FROM UNDER VALUATION OF SALE PRICES, THAT IS THAT THEY EXPORT PRICE REPORTED TO THE TAX AUTHORITIES IS LOWER THAN THE INTERNATIONAL MARKET PRICE. THIS INFORMATION WAS DETERMINED THROUGH INVESTIGATIONS IN THE CARIBBEAN AREA UNCLASSIFIED

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BY A GROUP OF AUDITORS FROM THE HONDURAS TAX OFFICE.

7. THE ADJUSTMENTS SO FAR PRESENTED COVER, WITH EXCEPTION OF "JAMES ROGER" THE TAXABLE YEARS 1971 AND 1972. THE TAX AUTHORITIES HAVE THE AUTHORITY TO AUDIT OR INVESTIGATE RETURNS FOR THE PREVIOUS FIVE YEARS AND IF INCOME HAS BEEN HIDDEN WITH THE INTENTION TO ELUDE ALL OR ANY PART OF THE TAX, THE TAX AUTHORITIES MAY EXTEND THEIR INVESTIGATION TO

TAX DECLARATIONS OF TEN YEARS BACK.

8. COMMENT: IT APPEARS THAT THE COMPANIES JAMES ROGER,
ROBINSON LUMBER COMPANY, AND MADERERA HIBUERAS ARE BEING
TREATED BY THE TAX AUTHORITIES AS COMPANIES RELATED BY
OWNERSHIP. THE TAX LAWS PROVIDE FOR PENALTIES UP TO
FIVE TIMES THE TAX ADJUSTMENT. ACCORDING TO PINEDA'S
ORAL EXPLANATION, THE TAX AUTHORITIES DO NOT INTEND TO
APPLY SUCH CLAIMS AGAINST THE CITED COMPANIES.

9. AIRGRAM FOLLOWS.

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Message Attributes

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Decaption Note:
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